

## Restoring authority in the individual health insurance market HB 2499/SB 6233

### BACKGROUND

Since passage of individual health insurance legislation in 2000, the Insurance Commissioner has had minimal regulatory oversight of individual health plan rates. The Office of the Insurance Commissioner can not disapprove or impede the implementation of rates for individual plans and may contest only the calculation of the carrier's loss ratio as demonstrated in a required annual experience filing.

### THE PROBLEM

Since the law took effect in 2001, rates for individual health care coverage have increased an average of 20 percent annually. Prior to 2000, the Insurance Commissioner's office had the ability to impact rates. In the three years prior to this law, rates increased between one percent and four percent less than the amount requested.

### OUR SOLUTION

#### Restore Insurance Commissioner's authority

- Restore the Insurance Commissioner's oversight of individual health plan rates and give the Commissioner the authority to disapprove rates if benefits provided are unreasonable in relation to premium. (This is the standard for other health plan products).
- Require individual health plan rates to be filed with and approved by the Commissioner before they are used.
- Grant the Commissioner the authority to take into consideration a carrier's surplus when reviewing a rate increase for an individual health insurance plan.

#### Create a public process

- Notify the public of all individual plan rate increases that are filed at more than 7 percent plus an adjustment for the medical care component of the Consumer Price Index (CPI).
- Filings are approved 45 days after being made available for public inspection unless:
  - ✓ A petition for a hearing is requested within 30 days after the filing is made available for public inspection and the Commissioner grants the hearing; (A person has standing to petition for a hearing if the Commissioner determines the petitioner to be directly affected by the rate increase and the petitioner is able to make a substantial contribution to the determination of whether to approve or disapprove the filing).

- ✓ The Commissioner determines to hold a hearing; or
- ✓ The Commissioner disapproves the filing
- All documents and materials included in filings made under this section are subject to public disclosure.
- Only the Commissioner or his or her designee can preside over the hearings or other administrative proceedings arising under this section.

#### Eliminate the remittance to WSHIP

RCW 48.20.025, 48.44.017 and 48.46.062 requiring annual reporting of loss ratio information to the Commissioner and remittance of premium to WSHIP are repealed in their entirety.

This requirement was part of the 2000 legislation requiring remittance to WSHIP if the carrier's actual prior calendar year loss ratio is less than 72 percent.

#### Staffing & Funding

Individual health plan rates are currently filed with the Office of the Insurance Commissioner staff on an informational basis only. A comprehensive analysis of the rate filings that will be submitted after this change will require additional funding in order for actuarial staff to conduct an adequate review of supporting documentation. The cost of additional staffing would be funded from the Commissioner's Regulatory Account, not the General Fund.